



THE CO-OPERATIVE FEDERATION of VICTORIA

(A Member of the Co-operative Federation of Australia)

CO-OPERATIVE INFORMATION

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1. SEASONAL GREETINGS

The president and the Council of the Federation extend sincerest good wishes for the coming Festive Season to the Directors, Management and Members of Co-operatives in Victoria and their families.

They welcome the support they have received over the past twelve months and wish prosperity and continued successful development to Cooperatives to enable the benefits of Cooperative ownership and operations to increase its spread through the Victorian community.

2. NEW PRESIDENT

At the first meeting of Council, following the 1980 Annual General Meeting, Mr. J. Niel Black, representing the Co-operative Artificial Breeding industry, was elected President to succeed Mr. Max Rundle. Max has served the Federation well since its formation in 1970 for the past four years of which he has held the office of President. During this time the structure and operations of the Federation developed into that of an active body providing valuable services for Co-operatives of all kinds in the State, as well as establishing good working relationships with relevant sections of the Victorian Government.

3. CHANGES IN NOMINATION TO THE FEDERATION'S COUNCIL

At the 1980 Annual General Meeting, members present voted on the resolution from the 1979 Annual General Meeting that the nomination of Members of Council should be changed from that of the Councillors representing approved industries, as has been the practice since the inception of the Federation.

The Annual General Meeting resolved the Constitution be changed to allow the Federation to be controlled by a Council of 10 members. One of these shall be ex officio nominated by the Co-operative Advisory Council from its members. Three of the remaining Councillors shall be industry Councillors representing industries whose objects relate to Producer, Trading and Credit Co-Operatives. The remaining six Councillors will be general Councillors.

One Industry Councillor and two general Councillors will retire at the Annual General Meeting each year.

4. CO-OPERATIVES -- THEIR IMAGE AND PURPOSE

From the ensuing paragraphs it will be noted that Governments in Australia have, to some degree, recognised the contribution that Co-operatives are making to the wellbeing of the communities in which they operate. However, to continue to justify this recognition, Co-operatives of all types must ensure that not only do they adhere to the essential characteristics which enable them to be indentified from other organisations, but they must be seen to follow such principles and characteristics .

In its report to the International Co-operative Alliance, the International Commission* set up to review the long established principles of Co-operation reported

"The common element of all times has been that Co-operation at its best, aims something beyond promotion and the interests of the individual members who compose a Co-operative at any time. Its object is rather to promote the progress and welfare of humanity. It is this aim that makes a Co-operative something different to an ordinary economic enterprise and justifies its being tested, not simply from the standpoint of business efficiency, but also from the standpoint of its contribution to the moral and social values which elevate human life above the merely material and animal."

(*The five man Commission under the Chairmanship of a Professor from India comprised leading Co-operators from the U.K., U.S.A., U.S.S.R. and Western Germany).

The original concept of Co-operatives is to meet the needs of groups of people to achieve economic and social benefit for such people and their communities which they could not otherwise achieve individually. The economic benefits must be to obtain financial betterment of the individual members and for the future sound growth and development of their Co-operative in its community. It follows therefore that Co-operatives must be soundly managed business enterprises.

By working as a Co-operative group these people are at the same time providing social benefits for themselves and their community by coming together in decision making and thus developing a better value in human relationships. The surplus achieved by sound financial business management is shared in an equitable manner by the people who contributed to the achievement of that surplus and, by its retention in the community where it was earned, further social benefits accrue. In addition, the local ownership which Co-operatives must have, should, where true Co-operative practice is followed, preclude any possibility of encroachment, acquisition or takeover by foreign bodies, be such bodies of interstate or international origin.

5. LEGISLATION - CO-OPERATIVE SOCIETIES

Progress is well advanced towards the preparation of a new Co-operation Act to replace the 1958 Act. The Minister administering the Act has indicated Federation representatives will be consulted to enable the draft to be studied and commented upon before its final preparation as a Bill for introduction into the Autumn 1981 session of the present Parliament.

6. LEGISLATION - CO-OPERATIVE COMPANIES

In response to a submission from the Federation, the Hon. Haddon Storey, Q.C., M.L.C., Attorney General, has confirmed that Sections 5(1), 17(7) and 374(14) of the Companies Act 1961 of Victoria, relating specifically to Co-operative Companies will be included in the Victorian Bill modifying the model Companies Bill (currently before the Federal Parliament relating to the Australian Capital Territory) in its application to Victoria.

7. STAMPS ACT 1958 AND CO-OPERATIVES

Exemption 8 of the Third Schedule (I) of the Stamps Act 1958 exempts registered Building Societies, registered Cooperative Societies, registered Co-operative housing societies from payment of Stamp Duty on cheques drawn on their banking account.

Exemption 28 of the Third Schedule (II) of the Stamps Act exempts payment of Stamp Duty on receipt of any money paid to a credit society registered under the Co-operation Act 1958 or to a Co-operative housing society if registered under the Co-operative Housing society Act 1958.

Exemption 2 of the Third Schedule (iv) exempts payment of Stamp Duty on any transfer of shares or of any right in respect of shares in a registered Co-operative Society for a consideration in money or money's worth of not less than the unencumbered value of the shares for the right in respect of shares comprised in the transfer or any transfer (whether for any consideration or not) of shares or rights in respect of shares in any registered Co-operative Housing Society.

Exemption 8 of the Third Schedule (vi) of the Stamp Act exempts from payment of Stamp Duty any instrument for the conveyance or transfer of real property required by any community settlement society within the meaning of the Co-operation Act 1958 for the objects of that Society.

Exemption 5 of the Third Schedule (ix) of the Stamps Act exempts from payment of Stamp Duty any instrument whereby any shares or rights in respect of shares in any registered Co-operative housing society are settled on or given to any person.

8. CO-OPERATIVES AND THE COMMONWEALTH TAXATION ACT

Division 9 of the Commonwealth Income Tax Assessment Act set out the qualifications that any corporate body, be it society or company, has to satisfy in order to qualify as a Co-operative for for taxation purposes.

Through its membership of the Co-operative Federation of Australia, the Victorian Federation retains the services of a senior experienced Co-operative Taxation consultant. It is suggested any Co-operative with problems affecting their Taxation situation relating to their Co-operative status, should consult the Co-operative Federation of Victoria.

9. NEW LEGISLATION FOR THE DAIRY INDUSTRY

Legislation is in the course of preparation by the Victorian Government, the objects of which will be to increase statutory controls over the Victorian Dairy Industry. This Federation submits to the Minister for Agriculture and the legislative drafting body that such new legislation should take into consideration and not jeopardise the special status of Dairy Co-operatives and the relationship of the members to their Co-operative.

10. FEDERATION MEETINGS

In addition to regular monthly meetings of the Council and the Annual General Meeting, the Federation has organised a regional meeting for the Mallee area in Mildura which was well attended and promoted considerable interest in Co-operative activity in that area.

Two Director Training programmes were successfully conducted for the considerable benefit for those participants. Directors from a wide range of Co-operatives, including Dairy Co-operatives, Trading Co-operatives, Credit Co-operatives and other agricultural Co-operatives participated.

A meeting of Retail Trading Co-operative executives was held over a one day period and again proved beneficial to the participants and to the Co-operative Federation through the free exchange of experiences and ideas.

11. WORK CO-OPERATIVES

Following the Premier's announcement of the Victorian Government's policy two year's ago relating to development of Co-operatives and small business in job creation schemes, to assist the unemployment situation in this State, considerable activity has taken place and progress been made in the development of Co-operative groups.

Eight Work Co-operatives have been formed and a further six are currently considering programmes to advance towards formal incorporation as Co-operatives.

Two Work Co-operatives have been established in Maryborough, one involved in manufacture of chamois leather goods. The other one is a producer and recycling Co-operative which started as a glass, wood and paper recycling project but has now developed into a bicycle manufacturing plant, producing high quality specialised types of bicycles and bicycle trailers for store movements in large industrial plants and similar purposes. Another Co-operative has been established in Warrnambool as a sales outlet for local crafts and other community services. In Brunswick, a Work Co-operative has been set up as an umbrella body which houses and co-ordinates a few smaller work groups. Printing, silkscreen work, crafts and fruit and vegetable marketing are part of their operations. In the Doncaster Templestowe area groups have got together to form a Co-operative funded entirely by their own efforts with support from the local community. It is providing full-time work in addition to providing training for unemployed people to assist in preparation for job interview techniques as well as car maintenance and repair programmes.

In Hawthorn the Worco is involved in making confectionery and pate and also undertakes some mechanical work.

In Nunawading and Box Hill groups of unemployed and community leaders have come together to form Co-operatives with the object of providing employment in community service type of activities.

Groups in Ballarat, Benalla, Bendigo, Colac, Doveton and Hamilton are all currently working to develop schemes which will involve unemployed people through a Co-operative organisation.

The Co-operative Federation has taken a keen and active part in this type of new Co-operative activity and welcomes the initiative of younger members of the community in developing programmes to help themselves which at the same time help their communities.

At the Annual General Meeting of the Federation, it was agreed that a representative from this group of Co-operatives be appointed to the Council of the Federation.

12. A CO-OPERATIVE ALTERNATIVE TO TODAY'S INDUSTRIAL PROBLEMS

In Melbourne recently, the former economics editor of "The Times" of London and former British Ambassador to the United States of America, Mr. Peter Jay, had this to say to members of the Committee for Economic Development of Australia.

Unless the "system" is changed, Mr. Jay predicted, depression in the Western World could develop in about three years' time when many European elections will take place, and will be caused by the interaction between political and economic forces.

Mr. Jay's proposals for remedy of the current ills, created by the ineffective results of current concepts of capitalism and socialism, were to force on the individual worker direct responsibility for the commercial success of the enterprise in which he worked. This would be in the form of Co-operatives which would eventually phase out the need for trade unions which would, in turn, whither away.

"This means giving the worker what traditionally has been regarded as "power" with the ultimate direction of the firm - which will stick in the gullets of many traditionalists. They must ask themselves whether, over the long run, it is better to have formal and legal power of control over enterprises which are incapable of commercial success in an economic environment which is doomed to hyper inflation and permanent slump, than to have a profitable investment with arms-length influence over commercially viable enterprises in a healthy economy."

Mr. Jay said that under employee control there would be no profit sharing or staff share incentives while they would appoint management and directors. Shareholders would have pieces of paper entitling them to a share in the profits from distribution and they would be paid whatever the employee (the new entrepreneur) decided - and regulated by the company's need for capital and fixed interest funds.

He stressed the urgent need to break the nexus where labour was continually demanding higher prices for its services and thus pricing itself out of employment.

The Australian Government's Policy

In his opening address to the 31st Parliament of Australia in February 1978, the Governor General had this to say

"A wider spirit of participation and employee involvement in the workplace will be encouraged so that employees and employers can co-operate to improve industrial safety, working conditions job satisfaction and productivity."

Since that time the Federal Government has set up a Committee concerned with research and development of all aspects of its policy relating to employee participation in industry.

13. THE NORTH EASTERN CO-OPERATIVE LIMITED

The North Eastern Co-operative at Wangaratta will be celebrating the 75th anniversary of its foundation next year. Founded in 1906 it is now a very large departmental store leading the city of Wangaratta in its retail trading operations. The store has about 65,000 sq. ft. of space, operates 12 departments including food, furniture, toys, wines and spirits, clothing and its own cafeteria. The store has about 4,900 members who, last year, did business totalling \$8.5 million. In these times when one continually reads retailing reports of depressed operations it is encouraging to see the support being given to their Co-operative by the Wangaratta community which continues to increase its business. This is in no small way due to the high standard of management and display promoted by the North Eastern Co-operative at Wangaratta.

14. LAKES ENTRANCE FISHERMEN'S CO-OPERATIVE

In 1968 the Fishermen at Lakes Entrance got together and decided they could better serve their interests by organising themselves into a Co-operative. About 40 Fishermen and about 25 member boats are served by this Co-operative which six years ago established its processing plant and is currently involved in the final stages of a \$600,000 extension project including cool holding rooms, retail selling facilities and new offices. The Fishermen's Co-operative deals mainly with trawl fish which includes flathead, Morwong Gurned and School Whiting. About 80% of the whiting produced is sold on the export market by the Co-operative in conjunction with its Japanese Export Whiting Company. This provided valuable experience for management and staff at Lakes Entrance.

When next holidaying or passing through Lakes Entrance visit its main tourist attraction - the viewing gallery at the Fishermen's Co-operative.
